



HF 559 – Health Insurance Exchange (LSB 2010HV)

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Fiscal Note Version – New

Description

House File 559 authorizes the creation of health benefit exchanges (HBEs) in the State. An HBE may be operated by the Iowa Insurance Division (IID) within the Department of Commerce or as a nonprofit corporation approved by the Insurance Commissioner. The Bill allows for the creation of multiple HBEs that could be regional or multi-state at the discretion of the Insurance Commissioner. The Bill requires any HBEs established to request a five-year waiver from the Secretary of Health and Human Services of the certification requirements for health benefit plans to enable the HBE to offer certain mandate-free health plans.

The Bill requires all persons that enroll in a qualified health insurance plan through the exchange to do so through a licensed insurance producer. The HBE must pay the insurance producer a fee of at least 5.0%. The Bill authorizes an exchange to select entities to serve as “navigators” and to award grants to enable navigators to conduct public education activities and guide individuals through the enrollment process. Navigators must be licensed as insurance producers or utilize the services of an insurance producer to assist in such facilitation.

An HBE is authorized to charge assessments and user fees to health carriers that offer health benefit plans through the exchange to generate necessary funding for support. Exchanges are required to make data available to the public relating to fees and administrative costs of the exchange.

If the 2010 Patient Protection and Affordable Care Act (PPACA) is repealed or ruled invalid by a federal court decision, the HBE and other requirements in this Bill are repealed twelve months following the decision.

Background

The 2010 PPACA requires State-based HBEs to be established and operational by January 1, 2014. The PPACA allows States the option to establish regional or multi-state exchanges. If a State does not choose to create an exchange, the federal government will create an exchange in the State.

In September 2010, the Iowa Department of Public Health (IDPH) received a \$1.0 million planning grant from the Office of Consumer Information and Insurance Oversight (OCIIO) to start planning for the establishment of an HBE. The IDPH, IID, Department of Revenue, and the Department of Human Services (DHS) have formed a workgroup and will issue final recommendations to the Governor for the establishment of health benefit exchanges.

Assumptions

Additional duties will be required of the IID with no specified funding source for increased costs or staffing levels.

The Insurance Commissioner will be charged with the determination of whether or not to operate the exchange as part of the IID or the approval of a nonprofit corporation to run the

exchange. The Insurance Commissioner will be required to consider the allowance of other exchanges in the State, regional exchanges, or multi-state exchanges at the Commissioner's discretion.

The IID is charged with developing a provider network and currently lacks the expertise or staffing levels to accomplish this. Additional staff will be required by the IID to operate an HBE if one is established internally within the Department.

The DHS will have additional costs from Medicaid expansion provisions in the PPACA that will need to be integrated with any HBEs that are established.

Fiscal Impact

Due to variables such as the five-year waiver request requirement, whether an exchange will be operated as part of the IID or under the approval of a nonprofit corporation, the unspecified number of HBEs that could be established, and status of PPACA in the federal courts; the fiscal impact is unknown.

The Bill specifies that an HBE may charge assessments or user fees to health carriers that offer plans in the exchange. The IID has indicated no General Fund dollars will be needed for the costs of establishing or authorizing exchanges. The DHS will have programming and technical costs to integrate Medicaid expansion provisions with any exchange established, but a specific amount cannot be determined at this time.

Sources

Iowa Insurance Division
National Conference of State Legislatures
Iowa Department of Public Health
Department of Human Services

March 21, 2011

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
